

NIE 50-68

Southeast Asia After Vietnam

14 November 1968

~~SECRET~~

NIE 50-68

14 November 1968

APPROVED FOR RELEASE
DATE: JAN 2005

(b) (3)

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 50-68

Southeast Asia After Vietnam

Submitted by

Richard Helms

DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf
14 November 1968

Authenticated:

James D. Lay, Jr.
EXECUTIVE SECRETARY, USIB

~~SECRET~~

Nº

118

~~SECRET~~

The following intelligence organizations participated in the preparation of this estimate:

The Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense, and the NSA.

Concurring:

Vice Adm. Rufus Taylor, Deputy Director, Central Intelligence

Mr. Thomas L. Hughes, the Director of Intelligence and Research, Department of State

Vice Adm. Vernon L. Lowrance, for the Director, Defense Intelligence Agency

Lt. Gen. Marshall S. Carter, the Director, National Security Agency

Mr. Howard C. Brown, the Assistant General Manager, Atomic Energy Commission

Abstaining:

Mr. William O. Cregar, for the Assistant Director, Federal Bureau of Investigation, the subject being outside of his jurisdiction.

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited.

GROUP 1
Excluded from automatic
downgrading and
declassification

~~SECRET~~



~~SECRET~~

SOUTHEAST ASIA AFTER VIETNAM

THE PROBLEM

In this estimate we consider two possible outcomes of the war: first, a political settlement which, for one reason or another, would permit the communist to take control of the government in South Vietnam, not immediately but within a year or two; the second, acceptance by Hanoi of a solution that falls well short of its objectives while preserving important elements of its political-military apparatus in the South.

THE ESTIMATE

I. SOUTHEAST ASIAN STRENGTHS AND WEAKNESSES

1. Whatever the outcome in Vietnam, there are several constant factors in Southeast Asia which will serve to condition developments there. Stability in the region is jeopardized by the internal weaknesses of states still seeking the right mixture of traditional practices and modern institutions after a long period of colonial rule. In most states, the central government has little capacity to mobilize national resources; and in several countries, border provinces are remote and neglected, and there is widespread alienation among ethnic and religious minorities. Other broad social problems and poorly functioning economies add further to the burdens of the frequently inefficient civilian and military leadership. While these conditions offer opportunities for communist subversion, they are partially offset by a growing sense of nationalism, traditional fear of China, and distrust of communism as an antinationalist and pro-Chinese movement.

2. Obviously, there are significant differences in the inherent stability of the nations of the region and in the strength of internal factors resistant to communism. The military regimes of Burma and Indonesia, for example, have still not developed a firm popular consensus in support of their policies and programs, nor is it clear that the existing political institutions are viable. In both countries, however, the sense of nationalism is strong enough to hold the basic political framework together. In Malaysia and Singapore, on the other hand, the ethnic loyalties of the Malay and Chinese communities conflict with their national feelings, but representative government and the electoral

~~SECRET~~

~~SECRET~~

process have taken hold, and there is positive support for the national leadership based on its commitment to economic betterment.

3. Thailand and Cambodia occupy a middle position. The Thai regime still searches for mechanisms to ensure and legitimate its predominance; while in Cambodia, Sihanouk's highly personalized rule has forestalled any real test of political institutions. But both regimes are reasonably acceptable to the majority of the people and neither appears to have domestic political opposition with sufficient strength or cohesion to threaten its position. In both countries, too, political stability is reinforced by widespread respect for the royal family. Though Laos is also a Buddhist monarchy, it lacks the homogeneity of population and the sense of history which provide a firm basis for Thai and Cambodian nationhood. In any event, Laos is a special case: Fundamentally, the Souvanna regime depends for its survival on the external forces which created and sustain it.

4. Economic weaknesses—inadequate utilization of resources, capital shortages, low export earnings—are also conspicuous among the problems of Southeast Asia, but the impact of such deficiencies on political stability should not be overstated. In general, the region's predominantly agricultural economy provides sufficient food to adequately feed the population despite continuing high birth rates. In this situation, sophisticated economic analyses often have little application to the life of the mass of the citizens, much less to their political attitudes. It is apparent, however, that the reasonably well-managed and rapidly growing economies of Thailand, Malaysia, and Singapore have enhanced the political stability of their governments, while economic stagnation contributes to the uncertainty of prospects for the regimes in Burma, Indonesia, and Cambodia. In a category apart is the Philippines where a fairly good growth rate tends to mask ever-widening disparities between rich and poor.

5. The leaders of Southeast Asia are further distracted by the rivalries and frictions which frequently characterize their relations with one another. Prince Sihanouk views Cambodian history as essentially a struggle to forestall national extinction at the hands of more aggressive Thai and Vietnamese. As a result, Cambodia's energies—and those of Thailand and South Vietnam as well—are often diverted by border incidents, propaganda wars, and diplomatic recriminations. The burgeoning dispute between Malaysia and the Philippines over the ownership of Sabah threatens to disrupt efforts to achieve greater regional cooperation. Thailand's longstanding doubts about the loyalty of its ethnic Malay peoples causes Bangkok to deny full cooperation to Kuala Lumpur in joint efforts to deal with security problems along their common border. For their part, the Malaysians remain suspicious of Indonesian ambitions in Borneo despite Sukarno's departure from the scene. And Singapore is persistently fearful of absorption by its Malay and Indonesian neighbors.

6. *Communist Subversion.* More than any other part of the world, the countries of Southeast Asia have been hampered in their quest for stability by communist subversion. Each of them, except Singapore, has had to contend

~~SECRET~~

~~SECRET~~

with a communist insurrection on some scale, and communist bands are still active in most countries. So far, however, the communists have gained complete control of only the northern half of Vietnam and adjacent portions of Laos. Moreover, although Malaysia, Vietnam, Laos, and Cambodia have, at one time or another, required the assistance of foreign combat troops to meet the communist threat, the others—Burma, Thailand, Indonesia, and the Philippines—needed only the input of materiel, technical aid and, in some cases, advisory personnel.

7. Communist parties in Southeast Asia have fared poorly, not because Marxism and Socialism are unpopular, but because the communists acted in such a manner as to alienate nationalist sentiment in the various countries. In 1948-1949, just as newly independent, nationalist and socialist oriented regimes were appearing in the region, Moscow and Peking proclaimed a general line of armed liberation for Southeast Asia. This gave the communist parties an anti-nationalist image which alienated most students, intellectuals, and workers. (A major exception, of course, was in Vietnam where the communists managed to gain a predominant position in the nationalist movement after World War II.) After the failure of these premature insurrections, communists in some countries tried to operate at the legal and parliamentary level under the slogan of peaceful coexistence. But popular support, except in Indonesia, could not be developed, and most of the parties had no alternative but to continue with the effort to develop peasant-based insurrections. In several cases, this has meant operating in remote areas populated by relatively primitive minority peoples.

8. Communist prospects in Southeast Asia reflect these inadequacies. Communist insurgency is much less of a threat today in Malaysia, Singapore, Indonesia, and the Philippines than 20 years ago. The once formidable Malayan Communist Party force is down to less than 1,000 men and is holed up just north of the Thai-Malaysian border. Another 500 or so guerrillas from Sarawak roam the highland jungles south of the Sarawak frontier. Both groups are comprised mainly of ethnic Chinese residents of Malaysia, but neither maintains any substantial foothold on Malaysian soil. The Huk movement in the Philippines consists of an armed nucleus of about 150 men and appears to have degenerated from a communist guerrilla movement into more of a Filipino "mafia," engaged in murder and extortion for a livelihood. In central and eastern Java, a few hundred Indonesian Communist Party (PKI) activists have taken to the hills in hopes of developing the sort of guerrilla force the party so obviously lacked during the crucial weeks of October 1965. The PKI effort has been severely set back by recent government operations against its bases; many top communist leaders have been killed. Despite this setback and the party debacle of 1965-1966, the communist movement in Indonesia remains the most potentially significant subversive force in Southeast Asia aside from the Vietnamese communists.

9. While Communist insurgency has declined in the insular and peninsular states of Southeast Asia, activity further north—in Burma, Thailand, and Cam-

~~SECRET~~

~~SECRET~~

bodia—has been stepped up in recent years, partly because of the war in Vietnam and partly because of the stimulus of Peking and Hanoi. Fundamentally, the present significance of the communist parties in these countries lies in their role as instruments of external forces rather than in their own internal appeal or strength.

10. In Burma, the long-simmering insurgency of the 4,000 or so Peking-oriented White Flags (Communist Party of Burma/White Flag) was given a new orientation about two years ago when they adopted a full-blown Maoist line. This was followed shortly by a crisis in Sino-Burmese relations generated by Peking's Cultural Revolution. Although the Chinese have since moderated their overt hostility toward the Ne Win regime, they persist in an effort to weaken it; they supply guns and training in adjacent Yunnan Province to the relatively few members of dissident ethnic groups willing to cooperate with White Flag elements in attacks against government units in northeastern Burma. Whatever the communist strategy in Burma, Peking and the White Flags probably have little hope of implementing it without substantial cooperation from the Kachin, Shan, Karen, and other ethnic insurgent forces. In the past, the lack of common objectives and cohesion among these rebel groups has been their principal weakness vis-a-vis the Rangoon government, and there are few signs that this defect will soon be remedied. Moreover, most ethnic insurgent leaders appear to be anti-Chinese and to oppose communism as a threat to their ancient modes of living.

11. The decision to commence active insurgency in Thailand in early 1965 was probably made by Peking in concert with Hanoi; the former has always dominated the Thai communist movement. While preparation for guerrilla war in Thailand began at least as early as 1962, plans were accelerated in 1965 probably to assist Hanoi by generating concern in US official circles over a possible communist "second front" in Southeast Asia and by stimulating fear in Thailand over further extending its military commitments to the US. So far, the communist insurgents have made little headway, but their actions have alerted the regime to its vulnerabilities in remote sectors of the country and led it to institute various remedies in the fields of security, administration, and economic development. In the Northeast, across the Mekong from Laos, 1,500 or so insurgents are on the defensive, despite occasional forays. In the dense highland jungles of the North, several hundred tribesmen, with grievances against the government, have been armed and trained by communists and are harassing government forces and outposts near the Lao border. On the other hand, the communists are not likely to exert any significant influence away from remote tribal districts so long as their appeal is geared mainly to hill-tribe grievances. Efforts to penetrate the ethnic Thai in the North have not progressed far but do pose some threat for the future. Communist terrorism on a much smaller scale is a continuing problem in other regions of the country.

12. Over the past year or two, guerrilla activity has revived in Cambodia and become a serious internal problem for the Sihanouk regime. Its origins and

~~SECRET~~

~~SECRET~~

nature are vague, but activity is centered in two areas. In the remote north-eastern part of the country, where the Vietnamese communists operate in support of the war effort in Vietnam, some dissident tribesmen have apparently accepted arms from Hanoi to oppose the increasing government presence in the region. Of greater potential significance are the disruptive activities of the ethnic Cambodian insurgents, styled "Khmer Rouge" by Sihanouk, who operate sporadically in small armed bands throughout western Cambodia. There have been incidents elsewhere, however, and the Khmer Rouge appear to have links to subversive elements in Phnom Penh itself.

13. In Laos, of course, the communists pose a major threat. They control about half the country and a third of its people, and the indigenous communists—the Pathet Lao—have an internationally recognized claim to a share in the national government. The backbone of the insurgency is, however, provided by regular North Vietnamese forces.

14. In sum, the nations of Southeast Asia exhibit serious social, political, and economic weaknesses. But they are generally buttressed by a sense of nationalism and a determination to preserve their independence. They have had considerable experience in dealing with communist subversion, and they have learned over the centuries to survive in the shadow of a powerful China. None of the countries in the region, with the possible exception of Laos, is so weak that communist movements are likely to increase their strength greatly over the next several years without major and direct foreign assistance.

15. *The US Role.* How the US views its role and commitment in the region, and how this is perceived by both communist and noncommunist elements, will continue to be crucial factors in the Southeast Asian political equation. There is no realistic prospect that over the next several years another power or a regional system will appear to relieve the US of the security function it has been undertaking in the area. In fact, the expected withdrawal of UK forces from Malaysia and Singapore will inevitably pose new problems for the US in this regard.

II. A SETTLEMENT FAVORABLE TO THE COMMUNISTS¹

16. In discussing an outcome favorable to the communists, we rule out such unlikely assumptions as the military collapse of Allied forces in South Vietnam and precipitate and unilateral withdrawal of these forces, or a negotiation involving political concessions so sweeping as to be tantamount to granting Hanoi outright achievement of its aims in the South. The contingency here discussed is a political settlement of the war which, for one reason or another, would permit the communists to take control of the government in South Vietnam.

¹ Maj. Gen. Wesley C. Franklin, for the Assistant Chief of Staff for Intelligence, Department of the Army, and Maj. Gen. Jammie M. Philpott, for the Assistant Chief of Staff, Intelligence, USAF, dissent from the argument in this section. For their views, see their footnote to paragraph 38, page 12.

~~SECRET~~

~~SECRET~~

Insofar as the rest of Southeast Asia is concerned, an important variable would be the time required for the communist takeover. If it took 5 or 10 years, the repercussions elsewhere would tend to be muted or even lost among other developments during the period. For purposes of this estimate, therefore, we assume a much shorter period, say no more than a year or two, during the course of which the Southeast Asians would come to the conclusion that the settlement accepted by the US made a communist success virtually inevitable.

17. *Communist Reactions.* A settlement in Vietnam favorable to the communists would give a psychological lift to leftist elements everywhere in Southeast Asia, but it would not necessarily lead them to rely more heavily on armed violence than at present. Some local parties are already doing all they can in the field of "peoples' war;" others would require considerable time and outside assistance before a large-scale campaign of violence could be initiated. And the decision to attempt this course would depend not only on the local party and its view of the opportunities but also on the policies of its patron—China, North Vietnam, or the USSR as the case might be. Only in Laos, and perhaps in Cambodia, is there a capability in being to increase the level of armed pressure and violence quickly and significantly.

18. Hanoi's first reaction to its success in South Vietnam might be an early move to unleash the armed forces it controls in Laos and to provide large-scale assistance to a Cambodian resistance movement. There is, after all, no doubt that Hanoi's objectives are to establish its control over Laos and attain predominant influence in Cambodia. But we believe the Vietnamese communists would be somewhat more cautious. They might fear that there was some risk of a new US military response and, more important at this stage, this level of military action would probably seem unnecessary to the North Vietnamese; they would expect the regimes in both countries to be amenable to Hanoi's influence without further resort to war. Moreover, Hanoi would be preoccupied, for a time at least, with the formidable task of consolidating communist rule in South Vietnam.

19. Initially, therefore, Hanoi would probably apply pressures in Laos, hoping in this way to produce a new coalition government dominated by the Pathet Lao. (Hanoi might indeed have embarked on this course in advance of the Vietnamese settlement if it were convinced during the negotiations that the US was in the process of a major reduction in its commitments in Southeast Asia.) If pressure tactics failed in Laos, the North Vietnamese might undertake new military action to strengthen the communist bargaining position or to effect an outright military takeover of the country. In Cambodia, Hanoi would probably move more gradually, settling initially for a government reasonably responsive to its influence. If Sihanouk proved uncooperative, Hanoi would apply additional pressures, including assistance to procommunist elements in Cambodia.

20. Hanoi sees both Laos and Cambodia as falling primarily within its sphere of influence and, in the aftermath of a successful settlement, would resist efforts

~~SECRET~~

by Peking—or by Moscow—to have a controlling voice in either country. Elsewhere in Southeast Asia, Hanoi is not likely to seek a predominant role in the communist effort. Activities in Laos and Cambodia would have first call on its capabilities. In Thailand, the North Vietnamese are currently providing support to the guerrilla forces though they recognize that the Chinese have a major interest and may be in a better position, over the longer term, to influence the communist movement there. Hanoi will probably be reluctant to leave the field entirely to the Chinese, however, and will do what it can to maintain an influential role in the communist insurgency in Thailand. With regard to Burma, Indonesia, and Singapore, on the other hand, the North Vietnamese will probably be more intent on cultivating friendly relations in the postwar years.

21. As for Peking, it is difficult to estimate the extent and nature of its activities in Southeast Asia after Vietnam, especially because of the uncertainties engendered by China's domestic situation. Recurrent internal crises, for example, could limit China's ability to sustain a consistent policy line toward the region. On the other hand, if internal order is maintained, China's aspirations for great-power dominance in the region would lead to increased efforts to limit or displace US influence, particularly in those states close to China's borders. But this will be true no matter what the outcome in Vietnam. In any event, China would almost certainly claim some credit for any communist success in Vietnam and exploit it at the diplomatic and political level throughout Southeast Asia as part of the continuing effort to advance its national interests. A communist success in Vietnam would encourage Peking to support subversive movements, but the scale of its efforts would be influenced by the degree to which local conditions provided promising opportunities. Current Chinese strategy does not appear to call for overt aggression and we do not foresee a change in this strategy.

22. The impact of communist success in Vietnam on relations between Peking and Hanoi could have substantial implications for Southeast Asia, particularly over the longer term. It is possible, for example, that the two countries would draw closer together and undertake joint political, propaganda, and subversive efforts in the area. It seems more likely, however, that Hanoi would wish to take the opportunity to establish quite clearly its independence of the Chinese, relaying on continued Soviet and available Free World sources for the material and technical assistance essential to its postwar reconstruction. Following such a course would require that Hanoi soft-pedal support for subversive activities outside Indochina at least. It would also increase the chances that the age-old Vietnamese distrust of China would combine with current conflicts of interests to produce serious strains in Hanoi-Peking relations.

23. The Soviet Union is not likely to become a major supporter of communist subversion in Southeast Asia after Vietnam. The Soviets will be disposed to defer to Hanoi's wishes on Laos and Cambodia and will probably attempt to increase their own influence in the outlawed Indonesian communist movement. In general, however, the end of the war and of its self-imposed obligation to support Hanoi, would lead the USSR to seek a more important political position

~~SECRET~~

~~SECRET~~

in the area—particularly in Thailand, Malaysia, Indonesia, and the Philippines—by developing further its diplomatic, economic, and cultural ties. The Soviets would oppose increased Chinese influence everywhere in the region.

24. *Reactions of the Southeast Asian Countries.* Most of Southeast Asia would welcome an end to the war in Vietnam, but a settlement favorable to the communists would produce a crisis in Laos and severe anxiety in Cambodia and Thailand. Throughout the area, the settlement would have an adverse psychological impact that would damage US prestige and credibility. In view of the extent of US commitments to South Vietnam and the depth of US involvement in the war, serious doubts would be felt about the validity of US power and commitments, and there would be renewed concern over communist intentions and the longer run prospects of surviving in the shadow of Chinese power.

25. The greatest danger in this situation would not be that subversive elements in Southeast Asia would immediately take heart and make rapid progress in undermining the stability of noncommunist governments. As indicated above, local communist organizations generally lack the capability and the appeal for any such rapid growth. Rather, the main danger would be the development of an atmosphere of defeatism and resignation in noncommunist countries in the area, with individual governments losing their hope of withstanding the political and psychological pressures of Hanoi and Peking. There could be a general move to placate the communist powers by cutting military and political ties with the US. This process could begin before the communist takeover had been completed, particularly if Hanoi moved quickly and successfully to upset the balance in Laos.

26. We cannot say that it would not work out this way in the end, for much would depend on continuing US actions. While some Southeast Asian leaders would probably entertain increased doubts about the will of the US to play a security role in the area, we do not believe that they would be panicked into precipitate changes in policy or posture. They would probably suspend any definitive policy decision at least until there had been time and opportunity to study indications of future communist conduct and intent and, more critically, those of the US.

27. Concern over the communist threat in the aftermath of Hanoi's success would also be conditioned by the circumstances of the time. Some countries may be psychologically prepared for a settlement which appears to be favorable to the communists. Moreover, if the settlement came in the next year or so, the atmosphere in Southeast Asia would be quite different from that which existed in 1964-1965. At that time, there was the spectacle of unbroken Viet Cong successes against South Vietnamese forces, rapid Chinese advances in the field of modern weapons, and an increasingly powerful Sukarno/PKI coalition taking charge in Indonesia and bullying the newly-organized and fragile Malaysian federation. In the intervening years, however, Southeast Asians have seen China bogged down in confusion and disorder, Sukarno ousted and the PKI suffer

~~SECRET~~

~~SECRET~~

bloody suppression, and the Vietnamese communists pay a fearful price during long years of war.

28. A communist success in South Vietnam would have its sharpest and most immediate impact in *Laos*. The realization that North Vietnam and the Pathet Lao could quickly overrun government-held territory if they chose to do so, would generate sentiment among civilian politicians in Vientiane for reaching an accommodation with Hanoi. Souvanna and other Lao politicians would be willing to see a return to the 1962 Geneva Accords, a coalition government with communist participation, and a more truly neutral foreign policy. They would be reluctant, however, to agree to concessions that appeared to threaten a complete communist takeover. The top Lao military figures would oppose any major concessions to the communists. Much would depend on how far and how quickly Hanoi pressed its advantage. Without increased US involvement, Laos could not long withstand the military and psychological pressures which Hanoi would in due course almost certainly apply.

29. *Cambodia* would also feel directly exposed as a result of a communist success in South Vietnam, especially if North Vietnamese Army units remained in Cambodia. Khmer Rouge and other insurgent elements might be emboldened to intensify their efforts, but they are not likely to develop quickly into a major threat to Sihanouk's regime without considerable support from Hanoi. Sihanouk would probably try to suppress the insurgents, meanwhile taking steps to accommodate Cambodia to the new situation in the Indochina area. Internally, for example, he would probably decide to bring procommunists into the government, though he would oppose a predominant role for them. Internationally, he would seek the good offices of Moscow and Peking to help secure Cambodian independence, and might even propose convening a new Geneva Conference to this end. Sihanouk would do these things in hope of avoiding the complete communist takeover that he has long feared. If all such measures failed, Sihanouk would probably bow out rather than subject his country to a Vietnam-type conflict or accept a figurehead status for himself in a communist-controlled regime. A new leadership that could carry on effective resistance to Hanoi would be unlikely to emerge.

30. In *Thailand*, the will of the present ruling group to maintain itself in power, to assert national independence, and to resist internal subversion would probably remain strong despite communist success in Vietnam. The present Thai leaders would have limited options because of their longstanding and unequivocal commitment to military alliance with the US, an alliance which they have regarded as indispensable in the face of a continuing armed threat from China. We do not believe that these leaders would view alignment with Hanoi or Peking as acceptable alternatives to continued reliance on the US.

31. In these circumstances, Thai counterinsurgency forces would persist in their efforts against the communist guerrillas, and communist prospects for recruiting large numbers of local Thai for their forces would remain poor. But Thai capa-

~~SECRET~~

~~SECRET~~

bilities could be severely taxed if Hanoi were to emerge from the Vietnamese struggle prepared to adopt a more aggressive and direct role in support of the Thai insurgents; for example, by sending trained Vietnamese guerrilla cadres and more sophisticated hand weapons into northeastern Thailand, a prospect which is already a source of great concern in Bangkok. The Thai leaders would be particularly sensitive to signs that Hanoi was moving toward a complete takeover in Laos, in view of the strategic importance they attach to it as a buffer against direct communist pressure. Indeed, we could expect that the Thai would press the US to take measures to prevent communist control of the Mekong Valley.

32. Even if Hanoi does not adopt this more aggressive posture toward Thailand, neutralist and leftist elements on the Bangkok political scene would become more vocal. But their influence would probably not grow sufficiently to sway the government unless US support and US responses to Thai requests had made it appear that the US was withdrawing from its commitments to Thailand. The Thai would, in any case, consider whether their relationship with the US ought to be changed in some way. Any reevaluation would proceed carefully and would closely reflect Thai judgments of US statements and actions following a settlement in Vietnam. Under the changing circumstances, the Thai might decide that the evolution of US policy left them no choice but to adopt a posture of strict neutrality.²

33. Peking is the chief concern of *Burma* which is currently being harassed by the Chinese-supported White Flags. Ne Win will be sensitive to the possibility of any increase in such support in the wake of the Vietnamese War, but it is doubtful that communist success in Vietnam would lead him to alter significantly Burma's domestic or foreign policies. *Malaysia and Singapore* are apprehensive of any substantial increase of interest by Peking in their ethnic Chinese leftists and guerrilla remnants. These groups have usually been responsive to Peking's direction and, in the event of communist success in Vietnam, might receive additional covert support from legal leftist fronts which continually agitate in these countries for accommodation with the communist powers. Such activity could serve to heighten existing tensions between the Chinese and Malay communities in both countries.

34. *Indonesia* would feel less vulnerable than the others because of its remoteness from China and the small proportion of ethnic Chinese in the country. It is most unlikely that the present leadership in Djakarta would falter in its determination to cope with Indonesia's internal communist problems; indeed, the regime would attach considerable importance to the continuation of US economic aid to sustain this determination. The psychological impact on the *Philippines*

² Capt. Frank M. Murphy, for the Assistant Chief of Naval Operations (Intelligence), Department of the Navy, believes that the probable political impact upon Thailand of the assumed settlement would be more severe than stated. He would have the last sentence read: "Under the changing circumstances, the US-Thailand relationship probably would change, with the Thais beginning to move toward pragmatic adjustment to the new political realities after the Communist take over."

~~SECRET~~

~~SECRET~~

would be somewhat greater than in Indonesia, if only because the Filipinos have been for so long wholly dependent on the US for their defense. While Filipino leftists and anti-US factions would derive new confidence and vigor from the US failure in Vietnam, the problem of communist subversion in the Philippines would probably not increase to any important extent. In any case, it would remain far less of a threat to Philippine stability than the chronic political corruption and economic malaise of the country.

35. *The US Posture.* Over the longer run, a great deal would depend on the role the US decided to play in the region, and on its success in convincing leaders there of its will and capacity to continue backing them. Initially, the Southeast Asian states would fear a tendency for the US to withdraw generally from involvement with the security of the entire region, particularly if a settlement was reached in such a precipitate manner as to suggest a sudden and basic change in US policy. This initial concern would probably be least in Burma which chooses not to rely on external support for its security and is unlikely to change in this regard. The self-reliant Indonesians would be somewhat less concerned than the Filipinos and a good deal less concerned than Malaysia and Singapore. The two latter have been accustomed to British protection and are disturbed by the prospect of its complete withdrawal.

36. These initial reappraisals of US capabilities and intentions would be subject to continuing review. We believe that governments with any sort of security arrangements with the US—i.e., Laos, Thailand, and the Philippines—would wish to retain them, at least until further evidence was available on the course of US policy in the region. All would urgently seek concrete reassurances of one sort or another and, if these were forthcoming, they would over time tend to dilute the impact of the loss of South Vietnam. For the Thai, one of the lessons of Vietnam could be that US support is not likely to be effective without greater efforts of their own. They would, therefore, move to bolster their forces, including acquisition of all possible material aid from the US.

37. For the other nations of Southeast Asia, US actions in support of Thailand would be an important measure of its intentions throughout the region; few would expect any major US *military* effort in behalf of the more exposed Lao. No matter how the US performed in Thailand, however, there would inevitably be an increased search for alternatives to heavy reliance on US military power. There would, for example, be increasing interest in a strong counterinsurgency role for regional associations, though all member nations would realize that defense against external aggression could not be the province of such groupings. And there might be some interest in having the Russians play a greater role in Southeast Asia as an additional counterweight to Peking. Even the Thai, concurrent with their efforts to obtain new US security guarantees, would doubtless explore such foreign policy alternatives. Neutralist sentiment in Burma would tend to become even firmer, and neutralist voices would become louder, though hardly decisive, in Malaysia, Singapore, and Indonesia.

38. One factor of great importance would be the appraisal made by US leaders and public opinion of the meaning of the Vietnam experience for the

~~SECRET~~

~~SECRET~~

future course of US policy. A traumatic popular reaction in the US, revealed perhaps by recriminations over Vietnam and bitter debate over future use of US power in Southeast Asia would greatly intensify the impact of the loss of South Vietnam. Conversely, if American opinion seemed in the main to take a steady and sober line, echoes in Southeast Asia would be similarly moderated. In effect, US domestic interpretations of a setback in Vietnam and the impressions others consequently formed as to the likely course of US policy in the region might ultimately prove as important as the event itself.³

III. A SETTLEMENT UNFAVORABLE TO THE COMMUNISTS

39. In discussing an outcome unfavorable to the communists, we are not including in our consideration any outright surrender on their part or the complete abandonment of their campaign to take over South Vietnam. We are assuming the acceptance by Hanoi of an outcome that falls well short of its objectives but which preserves some important elements of its political-military apparatus in the South. This situation might come about as a result of a negotiation or it might become gradually apparent as the communists scaled down their attacks, disengaged their forces, and otherwise indicated a willingness to terminate the shooting war. In either case, an increasingly confident regime, allied with the US, would retain power in Saigon.

40. The principal initial reaction of the Southeast Asians to such an outcome in Vietnam would be a sense of relief and a belief that additional time had been won to bolster further their own political and economic stability. Few would conclude, however, that the future of the Saigon government had been assured, that the Vietnamese communists had been permanently stopped, or that Hanoi had abandoned its ambitions in Laos and Cambodia. Nor would an

³ Maj. Gen. Wesley C. Franklin, for the Assistant Chief of Staff for Intelligence, Department of the Army, and Maj. Gen. Jammie M. Philpott, for the Assistant Chief of Staff, Intelligence, USAF, dissent from Section II. They believe that this section seriously underestimates the impact of a communist success in South Vietnam, and gives inadequate consideration to the attendant circumstances. The postulated settlement favorable to the communists would seriously damage US prestige and credibility. And, in view of the expenditure of vast resources to prevent a communist takeover in South Vietnam, the noncommunist governments might be highly skeptical of any US commitment to their defense. Communist elements throughout Southeast Asia would be encouraged and would press harder to emulate the demonstrated success of "peoples' war." Both Laos and Cambodia would come under some form of communist domination fairly soon; even the Thai probably would change their relationship with the US.

Whatever the reaction of the noncommunist governments of Mainland Southeast Asia over the short term, for the longer term, regardless of US assurances, they would probably seek some means of accommodation to communist pressures. Some leaders in the area almost certainly would view accommodation as an acceptable alternative to the prospect of prolonged military action in conjunction with the US—ending only in a solution favorable to the communists.

The Army and Air Force members also believe that elsewhere in Southeast Asia, leaders would be greatly influenced by the outcome and would, at the time of the settlement, view US support in the area as uncertain. In the US acceptance of an unfavorable settlement in Vietnam, they would see US withdrawal from a longstanding and deep commitment. On that basis, Southeast Asian leaders would make those policy decisions then considered necessary to national survival.

~~SECRET~~

~~SECRET~~

outcome unfavorable to the communists remove Southeast Asian doubts concerning the willingness of the American Government and people to engage on a substantial scale in any new military conflict in the region.

41. US prestige would increase, however, and its allies in Southeast Asia would reaffirm their links to the US. Everywhere in the region, the morale of communist forces would sag while that of the noncommunists would improve. But the impact on the actual power relationships in each country would not be significant, except in Laos where the political position of the Souvanna government would be greatly strengthened, and in Cambodia where the will of the regime to oppose domestic communists would be reinforced.

42. Perhaps the most far-reaching consequence would be felt inside the communist countries and within the various communist movements. The successes of the Chinese and Vietnamese revolutions have no doubt been highly influential in the continued commitment of other communists in Southeast Asia to the concept of "peoples' war." Defeat in Vietnam, even if rationalized as a temporary setback, would bring the doctrines of Mao and Ho Chi Minh into question. "Revisionism" might begin to gain some adherents, and there would probably be some splits and degeneration in the various insurgencies. There might ensue a period in which communist forces would place greater emphasis on working within the system through popular fronts and association with other leftwing movements. In such a case, Peking and perhaps Hanoi would lose some influence.

43. Because of the importance of Southeast Asia to China, it is conceivable that Hanoi's acceptance of an unfavorable outcome in Vietnam might provoke recriminations in Peking and result in a leadership crisis. We think, however, that such a reaction is unlikely. For Peking at least, there already exists a rationale for the defeat of the Viet Cong, namely that because of improper tactics they were unable to persist in a protracted war. Chinese policy might become more threatening, but it is more likely that the failure of the communist campaign in Vietnam would not have a major effect on Chinese policy elsewhere in Southeast Asia.

44. As for Hanoi, we believe that it would remain unreconciled to the division of Vietnam and to the presence of US power in Indochina. The Vietnamese communists would try to preserve what assets they could in the form of cadres and organization in South Vietnam. They might well, however, refrain from instituting further violence while they rebuilt their potential and waited for the diminution of US power and interest in Vietnam.

45. A communist failure in South Vietnam might further strain Hanoi's relations with Peking. There might be mutual recriminations and Hanoi, in its weakened position, might be more than ever concerned to retain Soviet support and avoid overdependence on China. Nonetheless, normal prudence, if nothing else, would suggest that Hanoi would attempt to maintain good relations with Peking. Both Hanoi and Peking, of course, would want to prevent any further strengthening of the noncommunist position in Laos, and Hanoi would try to hold the areas of Laos bordering on North Vietnam.

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY

DISSEMINATION NOTICE

1. This document was disseminated by the Central Intelligence Agency. This copy is for the information and use of the recipient and of persons under his jurisdiction on a need-to-know basis. Additional essential dissemination may be authorized by the following officials within their respective departments:

- a. Director of Intelligence and Research, for the Department of State
- b. Director, Defense Intelligence Agency, for the Office of the Secretary of Defense and the organization of the Joint Chiefs of Staff
- c. Assistant Chief of Staff for Intelligence, Department of the Army, for the Department of the Army
- d. Assistant Chief of Naval Operations (Intelligence), for the Department of the Navy
- e. Assistant Chief of Staff, Intelligence, USAF, for the Department of the Air Force
- f. Director of Intelligence, AEC, for the Atomic Energy Commission
- g. Assistant Director, FBI, for the Federal Bureau of Investigation
- h. Director of NSA, for the National Security Agency
- i. Director of Central Reference Service, CIA, for any other Department or Agency

2. This document may be retained, or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Central Reference Service, CIA.

3. When this document is disseminated overseas, the overseas recipients may retain it for a period not in excess of one year. At the end of this period, the document should either be destroyed, returned to the forwarding agency, or permission should be requested of the forwarding agency to retain it in accordance with IAC-D-69/2, 22 June 1953.

4. The title of this document when used separately from the text should be classified: ~~TOP OFFICIAL USE ONLY~~

DISTRIBUTION:

White House
National Security Council
Department of State
Department of Defense
Atomic Energy Commission
Federal Bureau of Investigation